Statement of
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United States House of Representatives
Committee on Energy and Commerce
Subcommittee on Energy and Air Quality

"Legislative Proposals to Reduce Greenhouse Gas Emissions: An Overview"

Chairman Boucher, Ranking Member Upton and members of the subcommittee, thank you for the opportunity to testify on the important topic of legislative proposals to reduce greenhouse gas emissions.

My name is Kraig R. Naasz and I am president and CEO of the National Mining Association (NMA). NMA represents more than 325 companies involved in all aspects of mining, including coal, metal and industrial mineral producers, mineral processors, equipment manufacturers, state associations, bulk transporters, engineering firms, consultants, financial institutions and other companies that supply goods and services to America's coal and mineral producers.

NMA is committed to playing a constructive role in the development of policies to address global climate change and meet the growing global and domestic demand for energy. We stand ready to assist you and the members of this committee to achieve these important and inextricably linked objectives.

Coal is a prime source of energy in the United States and throughout the world, and is likely to remain so as global energy demand continues to

increase. Coal presently fuels 40 percent of world electricity generation. In the United States, 50 percent of our electricity is generated from coal, and the Energy Information Administration (EIA) projects that number will grow to 54 percent by 2030 to meet increasing demand for electricity for a growing population and expanding economy.

As such, meaningful efforts to address climate change in a sustainable manner will depend upon the development and deployment of advanced clean coal and carbon capture and storage (CCS) technologies. The national science academies of the G8+5 affirmed this policy imperative in a joint statement this month that concludes: "Technologies should be developed and deployed for carbon capture, storage and sequestration (CCS), particularly for emissions from coal, which will continue to be a primary energy source for the next 50 years for power and other industrial processes."

We commend Representatives Boucher, Barton, Upton, Doyle, Matheson, Hill, Whitfield and Shimkus, among others, for introducing "The Carbon Capture and Storage Early Deployment Act" that will help provide the funding needed to bring these technologies to fruition. NMA looks forward to working with the committee in support of this important legislation's enactment.

In developing federal climate legislation, it is essential that Congress get it right. The penalties for policy failure are starkly described in the National Energy Technology Laboratory's (NETL) April 28 analysis, wherein NETL finds that dramatic shifts away from coal as a baseload provider for U.S. electricity generation will lead to "spectacular price increases for households and industry. . .[with] serious and damaging implications for the reliability of electricity supply and the viability of the U.S. economy."

Furthermore, the National Electric Reliability Council (NERC) has warned that many regions in the United States face an imminent shortage of capacity to generate and transmit electricity. In its most recent 2007 report, NERC

found that "electric capacity margins continue to decline and actions are needed to avoid shortages." Capacity margins could decline below targeted margins as soon as 2009 in the Rocky Mountain states, California and Texas, as soon as 2010 in the Midwest and 2011 in New York State. Over the longer term, new capacity will be required to prevent actual shortages of electricity throughout the United States.

The good news is that 27 coal-based generating units and plants, representing 15,352 megawatts of electricity, are currently being constructed throughout the United States. Given the demand forecast, even more facilities would likely be underway were it not for the uncertainty regarding the form and timing of efforts to reduce greenhouse gas emissions.

With these considerations in mind, NMA supports the adoption of federal climate change legislation that promotes America's continued economic and energy security.

We believe such legislation should promote the continued use of our nation's abundant coal resources as a critical part of a diverse and affordable supply of energy to meet our nation's growing electricity needs as well as to provide industrial and transportation fuels through coal gasification and liquefaction technologies.

In addition, it should promote the accelerated development, demonstration and widespread commercial deployment of advance clean coal and CCS technologies. To do so, a dedicated source of funding should be established in addition to providing financial and other incentives necessary to achieve significant advances in such technologies. Sufficiently funded programs to collect and enhance the geologic, scientific and technical data necessary to characterize large underground storage basins suitable for CCS are also necessary. The establishment of a uniform legal framework for long-term

carbon storage, including site selection, permitting, monitoring and liability for storage sites, is also imperative.

Any policy efforts to address climate change should encourage energy efficiency and harmonize greenhouse gas emissions reduction expectations with the commercial availability and deployment of cost-effective emissions control technology.

Policy efforts must also ensure an economy-wide approach to climate change that includes all sources of greenhouse gas emissions and that promotes domestic economic growth and the global competitiveness of U.S. industry.

Finally, it is vital to promote international partnerships to address climate change as a global issue that requires global solutions, including appropriate participation by developed and developing economies.

Regrettably, the "Boxer-Lieberman-Warner Climate Security Act" (S. 3036) failed to meet these objectives. While NMA advocated several constructive modifications to the bill, the Senate was not provided with an opportunity to consider any substantive amendments. As such, NMA strongly opposed the Boxer-Lieberman-Warner Climate Security Act.

Neither the "Safe Climate Act of 2007" (H.R. 1590) nor the "Investing in Climate Action and Protection Act" (H.R. 6286) addresses the principles we view as necessary to sustain affordable and reliable energy for American families and businesses.

The "Low Carbon Economy Act" (S. 1766), sponsored by Sens. Jeff Bingaman (D-N.M.) and Arlen Specter (R-Pa.), represents a more workable framework that, with appropriate modification, could promote the development of technologies needed to achieve its proposed emissions reductions. However,

significant modification would be required to address our industry's other major objectives.

Having provided our assessment of these legislative offerings, I wish to underscore that NMA remains committed to working with you and your colleagues to develop legislation that addresses climate concerns while providing for continued economic and energy security.

Thank you again, Mr. Chairman, for the opportunity to appear before the subcommittee this morning. I look forward to answering your questions.